

DEPARTMENT OF HEALTH SERVICES

14/744 P STREET
SACRAMENTO, CA 95814



TO: All County Welfare Directors
All County Administrative Officers

December 5, 1988
Letter No. 88-99

SUBJECT: MEDI-CAL BUY-IN FOR INDIGENT MEDICARE BENEFICIARIES

This is to provide information on the Medicare Catastrophic Coverage Act of 1988, Title III, Section 301 which requires state Medicaid programs to pay Medicare premiums, deductibles, and coinsurance for low income elderly and disabled individuals who are not otherwise entitled to medical assistance.

Unless states secure federal authority to delay implementation (as discussed below), beginning January 1, 1989, states are required on a phased-in basis to cover those Medicare individuals with incomes below 85% of poverty (\$5,770 for one in 1989), rising by 5% per year until reaching 100% by January 1, 1992. The resource level of these individuals is twice the amount allowed under the Supplemental Security Income (SSI) Program (\$4,000 for one in 1989).

Beginning January 1, 1991, states are also required, on a phased-in basis, to pay additional Medicare premiums, deductibles, and coinsurance under the new Medicare drug coverage for the above group. States may cover the deductible either by 1) covering incurred drug charges below the Medicare deductible; or 2) providing the same drug coverage as the state offers to its Medicaid beneficiaries.

Since legislation is required to implement this provision, we are allowed to request the Secretary of Health and Human Services for an extension until January 1, 1990. This should give us enough time to secure legislation, write regulations, work out system changes, etc., and instruct counties on the application process.

The Social Security Administration will be sending a notice to Medicare beneficiaries about this new provision in the future since some states may begin implementation on January 1, 1989. Should your staff receive inquiries about this provision, please inform the caller that he/she should contact your county later but before January 1, 1990, for information on how to apply.

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When we have more information on the actual application process, we will issue further instruction. If you have any questions, please contact Margie Buzdas at (916) 324-4972.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: October 31, 1989